



# *Governor Steve Beshear's* **HIGHER EDUCATION WORK GROUP**

## **Affordability Subcommittee** **Priorities for January 15 Report**

**Establish an intensive public/private outreach effort to enable more Kentuckians to access existing higher education financial aid dollars, with a focus on low- and moderate-income students and military veterans.**

- Kentuckians are not taking full advantage of existing federal and state tax credits. Nationally, research suggests about a third of all eligible families do not complete the proper forms to claim credits.
- The Free Application for Federal Student Aid (FAFSA) is complicated and cumbersome, and students who do not fill it out may not be accessing all of the aid available to them. In 2006, about half of undergraduate students enrolled in Kentucky public and independent two- and four-year institutions did not fill out a FAFSA. About a third of full-time students and about two-thirds of part-time students did not file.
- There are state and Federal education benefits for military veterans, but information is not always easy to access. A more coordinated, streamlined outreach strategy is needed.

**Improve the transparency and predictability of non-tuition related costs of higher education.**

- Most of our efforts are focused on keeping tuition affordable, since tuition at Kentucky's public universities has increased at an annual rate of about 10% for the last ten years, while tuition at public 2-year colleges has increased at an annual rate of about 12% over the same period. However, tuition and fees make up less than half (20-40%) of the full cost of attendance. There are other significant drivers that influence cost (housing, meals, transportation, textbooks, etc.) that should be taken into consideration when reviewing college affordability.
- In the last two decades, college textbook prices have increased at twice the rate of inflation. The increasing costs associated with developing products designed to accompany textbooks (CD-ROMs, study guides, and other supplemental materials) best explain price increases in recent years (Government Accounting Office, 2005).
- College textbooks are purchased by students but selected by faculty, so demand for textbooks is not sensitive to price increases. Faculty members tend to choose textbooks that provide additional content and material and are often unaware of price. Students are not aware of textbook costs when registering for courses.
- *Note: The Student Advisory Committee will be focusing attention on college textbook costs and will be offering recommendations to the Affordability Subcommittee in early January.*

**Explore strategies to contain costs for students and institutions.**

- Increases in salaries, healthcare, construction, maintenance of facilities, campus security, and demand for student services are driving up costs for colleges and universities. Over the past ten years, higher education inflation on average has increased about 3.9% annually, compared to a 2.7% increase in the consumer price index.
- Although some institutions are participating in consortial agreements to save costs, more higher education institutions need to take greater advantage of consortial purchasing agreements with state government and other entities that could result in savings in construction, procurement, and energy costs.
- Students used to be able to complete a bachelor's degree in four years, but now five or six years is the norm. For students enrolled in Kentucky public universities, 16.9% graduate in four years, 39.5% graduate within five years, and 42.3% graduate within six years. Helping students return to a four-year model would significantly reduce the cost of college for full-time undergraduate students.
- Many students are holding jobs off campus to help pay for college, but working more than 20 hours per week extends time-to-degree and reduces the likelihood of degree completion. An option is to encourage campuses to create meaningful part-time campus-based work opportunities to assist students with college costs and to save campuses from hiring full-time staff during tough budget times.



# *Governor Steve Beshear's* **HIGHER EDUCATION WORK GROUP**

## **Affordability Subcommittee** **Priorities for September 1 Report**

### **Fundamentally re-think Kentucky's financial aid programs.**

- While the Kentucky Lottery has provided the sole support of student financial aid in the past, it is unlikely to cover increasing demand in the state's financial aid programs in the future.
- The state's need-based programs (CAP and KTG) are awarded on a first-come, first-serve basis, and funding is exhausted by mid-spring, which disadvantages students who apply for aid later in the process (often adult learners or KCTCS students). Last year, 43,000 students eligible for CAP and KTG were turned away due to lack of funds.
- The current aid process penalizes student income, a disincentive for students to contribute to their education costs through work, and possibly provides an incentive for students to take out more loans.
- There is significant difference of opinion about the overall value of the KEES program. Critics contend KEES has not narrowed college opportunity gaps between affluent and less affluent students, has funneled resources away from need-based aid, has not done enough to keep the best and brightest in Kentucky, and is inefficient, since most recipients would attend college anyway. Proponents argue the program has been a valuable "intervention" strategy and college outreach program for Kentucky students, is easy to understand, and encourages even moderate-achieving high school students to aspire to some level of postsecondary education.
- Approximately two-thirds of Kentucky college graduates borrow for college and graduate with an average cumulative debt of \$17,000 from Federal sources. This figure could be higher, since it does not include debt from private lenders. Today, private loans comprise about 20% of total loan dollars, versus about 5% ten years ago.

### **Enhance state-level coordination of student financial aid policy development and administration.**

- There are multiple state-level college outreach messages and campaigns (GoHigher, KnowHow2Go, Project Graduate, KHEAA regional outreach efforts) that could be better coordinated so as to increase efficiencies in program delivery.
- There may be administrative redundancies among CPE, KHEAA, KHESLC, and the Department of Education that, if streamlined, could produce greater organizational efficiencies and cost savings.

### **Conduct a comprehensive review of time- and credit-to-degree.**

- Typically, the credit hour requirement for most bachelor's degree programs in the US is around 120. In 2007-08, students graduating from Kentucky public universities had earned an average of 142 credit hours, while KCTCS associate degree recipients had earned more than 93 college credit hours, well in excess of the minimum requirement.
- Colleges and universities have varying policies on accepting credits earned by high school students for dual credit, enrollment, and credit by exam, strategies which can shorten time-to-degree. Inconsistencies may exist in accepting transfer credits, as well.
- Almost half (45%) of Kentucky high school graduates entering public, in-state institutions need developmental education in at least one subject based on ACT subject scores. Being placed in developmental education can significantly increase time-to-degree and exhaust financial aid resources before degree completion.
- Financial aid awards are often tied to credit hours, causing some students to accumulate unnecessary credits in order to maintain financial aid.

### **Expand partnerships with the business community to improve college access.**

- Employer education assistance benefits (tuition remission, contributions to college saving accounts, workplace college-level education offerings, etc.) could be a major source of financial aid for working adults. However, we do not have good baseline data in Kentucky to know the extent to which these benefits are offered nor the extent to which they are utilized.
- Despite research that shows tuition reimbursement is the number one employee retention program, anecdotal evidence suggests Kentucky employers may view it primarily as an expense rather than a benefit, especially if employees leave the company after completing a degree.

### **Improve opportunities for adult learners.**

- Despite the growing numbers of adult learners in the postsecondary system, programs, policies and practices at public institutions have been developed over time with the traditional student in mind. There are not enough opportunities for adults to earn credit for prior learning and participate in accelerated learning programs.
- Financial aid programs tend to favor full-time students. Grants and scholarships are almost non-existent for students taking less than six hours.
- Time limits on grants and scholarships can be a barrier to enrolling in and completing college, especially for non-traditional, adult students.
- Not enough GED recipients transition to postsecondary education. On average, about 20% of GED graduates transition to a public postsecondary institution, while nearly 51% of Kentucky high school graduates went to a public in-state college or university in 2004.
- GED graduates are only eligible for the KEES ACT supplemental award, while high school graduates can benefit from GPA and ACT score. The GED score is not factored into the KEES award.